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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

ALEXANDER M. WALDMAN DIAMOND CO., INC.,

Case No. 14-11660 (MG)

Debtor.

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In re:

Chapter 11

WALDMAN DIAMONDS COMPLETE, LLC,

Case No. 14-11661(MG)

Debtor.

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**MOTION OF THE DEBTORS PURSUANT TO RULE 1015(b)
OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE
FOR ENTRY OF AN ORDER DIRECTING THE JOINT
ADMINISTRATION OF THE CHAPTER 11 CASES**

The above captioned debtors and debtors-in-possession (collectively, the “Debtors”), by their proposed attorneys, DelBello, Donnellan, Weingarten, Wise & Wiederkehr, LLP, file this motion (the “Motion”) for an entry of an order directing the joint administration of the Chapter 11 cases, respectfully state and represent as follows:

JURISDICTION

1. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of these proceedings and this Motion is proper in this District pursuant to 28 U.S.C. §§1408 and 1409.

2. The statutory bases for the relief requested herein are §§ 105(a) of Title 11 of the United States Code (the “Bankruptcy Code”), and Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

BACKGROUND

3. On May 30, 2014, the debtors respectively filed voluntary petitions for reorganization pursuant to Chapter 11 of the Bankruptcy Code. And were continue din possession of their property and management of their affairs as debtors-in-possession pursuant to Sections 1107 and 1108 of the Code.

4. No committee, trustee or examiner has been appointed heretofore in the Chapter 11 cases.

5. Debtor Alexander M. Waldman Diamond Co., Inc. (“AWDC”) was founded in 1978 by Alex Waldman, a first generation diamantaire. The company's business is focused primarily on the purchase and sale of loose polished diamonds, mostly to Trade customers – small and medium sized jewelry chains and independent retailers, as well as internet retailers such as Blue Nile. 97% of the sales are domestic with most of the remainder to an associated company in Vancouver, Canada. AWDC is located in the heart of the diamond district on 47th Street in NYC and currently employs 8 full time staff. Some 70% of the inventory is sourced from AWDC's sister company in Israel, which purchases on the wholesale diamond exchange in Ramat Gan and from manufacturers in India. Most of the remaining goods are sourced on a consignment basis from wholesalers in NY.

6. Debtor Waldman Diamonds Complete, LLC (“WDC”) was founded in 1999, manufacturing and selling diamond jewelry to a similar customer base to that of AWDC. Over the years it has had a number of different managers and partners to varying success. In the last 3

years most of the manufacturing was moved to India and the Far East with a change of focus to lower gold and diamond content, lower value but labour intensive jewelry. Following heavy losses in 2012-13, WDC's group management decided to close the operation entirely and have been working to liquidate the assets since November 2013.

7. The Debtors are both majority owned and operated by their President, Alex Waldman.

RELIEF REQUESTED

8. In order to provide for the most efficient administration of the Chapter 11 Cases, as well as to carry out and properly administer the Debtors' bankruptcy proceedings, by this Motion the Debtors seek entry of an order pursuant to Bankruptcy Rule 1015(b) authorizing the joint administration, for procedural purposes only, under the case number assigned to Queen of Hearts Cruises, Inc.

JOINT ADMINISTRATION OF THESE CASES IS WARRANTED

9. Bankruptcy Rule 1015(b) provides, “[i]f... two or more petitions are pending in the same court by or against ...a debtor and an affiliate, the court may order a joint administration of the estates.” See Fed. R. Bankr. P. 1015(b). The Debtors are “affiliates” as that term is defined under section 101(2) of the Bankruptcy Code. Accordingly, this Court is authorized to grant the relief requested herein.

10. The Debtors are co-obligors on their secured obligations owed to Bank Leumi. Many of the motions, hearings and orders that will arise in the Chapter 11 Cases will therefore jointly affect both Debtors. By jointly administering the Chapter 11 Cases, the Debtors will be able to reduce fees and costs resulting from the administration of these cases and ease the onerous administrative burden of having to file multiple and duplicative documents.

11. The Debtors will continue to operate as separate and distinct legal entities, and propose to continue to maintain their books and records as set forth above, consistent with their prepetition practices.

12. Entry of an order directing the joint administration of the Chapter 11 Cases will avoid duplicative notices, applications, and orders, thereby saving the Debtors considerable time and expense. The rights of the creditors will not be adversely affected as this Motion requests only administrative, and not substantive, consolidation of the Debtors' estates. The rights of all creditors will be enhanced by the reduced costs that will result from the joint administration of the Chapter 11 Cases. The Court also will be relieved of the burden of entering duplicative orders and maintaining duplicative files. Finally, supervision of the administrative aspects of the Chapter 11 Cases by the Office of the United States Trustee for the Southern District of New York will be simplified.

13. Accordingly, the Debtors request that the caption of the Chapter 11 Cases be modified to reflect the joint administration of such cases, as follows:

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

ALEXANDER M. WALDMAN DIAMOND CO., INC.
and
WALDMAN DIAMONDS COMPLETE, LLC,

Chapter 11
Lead Case No. 14-11660 (MG)

Debtors.

-----X

14. The Debtors also seek the Court's direction that a notation substantially similar to the following notation be entered on the docket of each of the Debtors to reflect the joint administration of these cases:

“An order has been entered in this case directing the procedural consolidation and joint administration of the Chapter 11 cases commenced by Alexander M. Waldman Diamond Co., Inc. and Waldman Diamonds Complete, LLC. The docket in Case No. 14-11660 (MG) should be consulted for all matters affecting the above listed cases.”

NOTICE

15. Notice of this Motion will be provided to (i) Office of the United States Trustee; (ii) the Debtors' twenty (20) largest unsecured creditors; (iii) the Debtors' five (5) largest secured creditors; and parties who have filed notices of appearance. The Debtors submit that said notice is adequate and proper.

16. No previous application for the relief herein requested has been made to this or any other Court.

WHEREFORE, the Debtors respectfully requests the Court to enter an order substantially in the form annexed hereto as Exhibit A directing the joint administration of the Chapter 11 cases under the case number assigned to Alexander M. Waldman Diamond Co., Inc. and such other and further relief as may be just and proper.

Dated: White Plains, New York
May 30, 2014

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